



# Maryland Energy Administration

**TO:** Members, Senate Budget & Taxation Committee  
**FROM:** Chris Rice – Acting Director, MEA  
**SUBJECT:** SB 103 - Income Tax - Maryland Residential Solar Investment Tax Credit  
**DATE:** January 19, 2023

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## **MEA Position: Letter of Information**

The Maryland Energy Administration (MEA) strongly supports the growth of renewable generation in the State, providing millions of dollars in funding on an annual basis to support continued growth of clean technologies such as solar photovoltaic installations. This is especially true when those installations are sited smartly; occupying rooftops, parking structures, or brownfields. However, MEA would be remiss if it did not offer the following information for the Committee's consideration prior to issuing its report.

*MEA anticipates that a program of this size will require an additional three (3) PIN positions within MEA.*

The bill creates a new tax credit program. The requirement that MEA adopt regulations for the program indicates that MEA will be responsible for processing applications and issuing tax certificates, similarly to the case currently with the Energy Storage Tax Credit.

Unlike the aforementioned energy storage tax credit, the new Solar Investment Tax Credit program is not limited in scope; either in total number of awards or total dollar amount of awards. Additionally, the new program is expected to be popular due to the high incentive amounts. Because of this, MEA anticipates that one (1) new Energy Program Manager as well as two (2) new Energy Specialists would be required to properly administer the program. It is unlikely that MEA can effectively administer the program with existing resources.

*The bill unintentionally permits economic benefits to be gained from multiple State programs.*

The language of the bill precludes an applicant from receiving both the new tax credit and a benefit via the Solar Energy Grant Program established by State Government Article § 9–2007. However, the Solar Energy Grant program referenced by the bill has not been in operation for some time. It has not received an appropriation in perhaps a decade or more. Instead, the program was supplanted by the Clean Energy Rebate Program (CERP), a non-statutory program funded via the Regional Greenhouse Gas Initiative.

Since the bill only addresses § 9–2007, and not CERP, purchasers of solar equipment would currently be eligible for both benefits.

*Equity should be considered.*

Only those with significant tax liabilities can take full advantage of a tax credit of the kind proposed in this bill. Currently, the average system cost for a CERP applicant is \$33,845, and this could be representative of future applications for the proposed Solar Investment Tax Credit as well. This may indicate program participants of certain means. Refundable tax credits, rebates, and grant programs tend to offer greater ability to reach low- to moderate-income households, but they also require greater administrative resources.